

**IOWA RACING AND GAMING COMMISSION
MINUTES
JUNE 9, 2016**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, June 9, 2016 at Wild Rose Jefferson, LLC, Jefferson, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; Richard Arnold and Kris Kramer. Dolores Mertz was absent.

Chair Lamberti called the meeting to order at 8:30 AM. He advised that Commissioner Mertz was absent due to health issues and is in the hospital. He expressed his hope that she is able to return soon.

Chair Lamberti called for a motion to approve the agenda. Commissioner Kramer moved to approve the agenda as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the Welcome, and called on Tom Timmons, Vice President of Operations for Wild Rose Entertainment, who welcomed the Commission, staff and those in attendance to the Wild Rose Jefferson property. He noted it was almost two years to the day, June 12, 2014, since they were granted a license. Mr. Timmons expressed his hope that the facility met the Commission's expectations, and that the city and county were proud of the facility as well. He introduced Craig Marquardt, Vice President of Grow Greene County Gaming Corporation (GGCGC).

Mr. Marquardt noted the site visit occurred in May 2014; the location of the casino was a bean field at that time. He indicated the community continues to be grateful to the Commission for granting the license. Mr. Marquardt stated GGCGC has developed a productive and positive relationship with Wild Rose over the years, noting the staff is always professional, accessible, and easy to work with. He advised the spirit of cooperation continued as meetings were held to establish GGCGC as the designated non-profit license holder and set policies and procedures to distribute gaming proceeds toward worthy causes, projects and organizations.

Mr. Marquardt stated GGCGC is a committed group representing the entire county and all the towns located therein. He stated the group understands and accepts the challenges they have undertaken to provide funds to non-profit organizations located in Greene County and the surrounding region. They held their first grant awards banquet in March, and were able to grant in excess of \$900,000 to local groups in Greene County and the six contiguous counties: Webster, Calhoun, Carroll, Guthrie, Dallas, and Boone. He highlighted some of the projects for which funds were granted in the various communities and counties.

Chair Lamberti stated the Commission was happy to be back in Jefferson and looks forward to good things to come.

Chair Lamberti moved to the approval of the minutes from the April 14, 2016 Commission meeting. Hearing no comments or questions concerning the minutes, Chair Lamberti requested

a motion. Commissioner Arnold moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to Announcements and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko provided the following information regarding future Commission meetings:

- July 14, 2016 – Holiday Inn & Suites, W. Des Moines (Submissions due by June 29, 2016)
- August 18, 2016 – Grand Falls Casino & Resort, Larchwood (Submissions due by August 4, 2016)
- October 13, 2016 – Rhythm City Casino, Davenport (Submissions due by September 29, 2016)

Mr. Ohorilko introduced Betty Tschetter, the new Director of Licensing and Administration, and Dan Thurman, the Gaming Representative assigned to Wild Rose Jefferson.

Chair Lamberti called on Affinity Gaming regarding their refinancing transaction. Sean McGuinness, legal counsel, advised the refinancing transaction is precipitated by the positive results the company has experienced over the past couple of years. When the transaction is completed, it will save Affinity a significant amount of money in interest expense on an annual basis.

Hearing no comments or questions concerning the transaction, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the refinancing transaction as submitted by Affinity Gaming. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda and called on Ameristar Casino Council Bluffs, LLC (Ameristar). Monty Terhune, General Manager, presented a contract with Woodhouse Ford for promotional items (car give-aways) for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Ameristar. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Casino, LLC (DJ). Scott Smith, Assistant General Manager for Diamond Jo Worth, LLC, presented a contract with Agilysys NV, LLC for Point of Sale Hardware Replacement, annual maintenance, and Gateway Implement Freedom Pay for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by DJ. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC (DJW). Mr. Smith presented the following contracts for Commission approval:

- Agilysys – Maintenance Contracts, Software Upgrade, Hardware Upgrade
- Alpha Video – Maintenance Contracts, Software Upgrade, Hardware Upgrade

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DJW. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. (IOCB). Todd Connelly, General Manager for IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo, presented the following contracts for Commission approval:

- Wilson Restaurant Supply – Equipment and Supplies for Restaurant Use
- Quad City Occupational Health, LLC – Operates On-Site Medical Clinic
- Tri-City Electric – Capital Project to Change Parking Garage and Hotel Parking Lot Lighting to LED
- Build to Suit – Various Building Projects Related to Land-based Casino Construction

On behalf of Nancy Ballenger, General Manager at IOCB, Mr. Connelly extended an invitation to the ribbon cutting ceremony for the new Bettendorf facility at 10:00 AM on June 24th.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by IOCB. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- Global Payments Gaming Services, Inc. – Processing Revenue Agreement
- Global Payments Gaming Services, Inc. – Check Guarantee Agreement
- GPS Technologies, Inc. – iPar7 Golf Cart Yardage Display Lease Agreement
- OneNeck IT Solutions, LLC – HP Data Storage and Backup
- WME IMG Holdings, LLC – Entertainment Booking Agent Expense
- U.S. Bank National Assoc. d/b/a Ultron Processing Services – ATM Revenue Agreement

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by RCGR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC (GFCR). Mr. Franz presented the following contracts for Commission approval:

- Chesterman Coca Cola – Beverage Vendor
- Farmer Brothers – Beverage Vendor

- Midwest Turf & Irrigation – Golf Equipment Purchase

Mr. Franz advised that Sharon Haselhoff, General Manager at GFCR, was busy with the five-year celebration for the property and an annual investors unit holder meeting.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC (RCC). Mr. Franz presented the following contracts on behalf of Mo Hyder, General Manager at Rhythm City, who is busy preparing the new facility for the grand opening on June 16th:

- ASCAP – Music License Agreement
- CDW Direct – Computer Supplies
- Cunningham Group Architecture, Inc. – Architectural Design Services
- Evergreen Landscape Assoc. – Landscaping
- Farmer Brothers – Beverage Contract
- Global Payments Gaming Services, Inc. – Purchase of 5 Kiosk Redemption Machines
- Heritage Landscaping – Construction – Retaining Walls/Landscaping
- One Neck IT Solutions, LLC – Computer Network Upgrades
- Restaurant Technologies, Inc. – Fryer Oil Filtration System

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by RCC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHCSC). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- AJR Equities, Inc. – Promotional Items
- CS Touring, Inc. – Entertainment Act
- Friedmutter Group – Architectural Services
- NRT Technology Corporation – Ticket Redemption Kiosks/ATM
- Stoney Creek Hotel & Conference Center – Hotel Rooms and Banquet Services
- W.A. Klinger – General Contractor for Construction Projects
- Wells Fargo, N.A. – Credit Agreement with SWAP Transaction

Chair Lamberti stated he had seen news articles indicating the facility is looking to expand. Mr. Moyer answered in the affirmative. Chair Lamberti stated the expansion proposal needs to come before the Commission. Mr. Moyer advised they would be making a presentation at the July Commission meeting.

Hearing no further comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by HRHCSC. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Vice President of Finance, presented a contract with Gitchi Gaming, Inc. for the purchase of new chairs for the gaming floor for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Harrah's. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Horseshoe Casino/Bluffs Run Greyhound Park (HS/BRGP). Ms. Sternberg presented a contract with Bizco Technologies for a sound system upgrade for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by HS/BRGP. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa Greyhound Association (IGA). Bob Hardison, President, presented a contract with Crawford & Mauro Law Firm and Quilty Law Firm for legal services and expenses related to the start-up and licensing for Iowa Greyhound Park and regulatory affairs.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by the IGA. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the Greyhound Cessation Fund Hardship Claims, and called on John Filipelli. Mr. Filipelli asked permission to have his wife, Davina, read his statement as he is experiencing some visual issues. Chair Lamberti indicated that would be fine.

Ms. Filipelli read the following statement: Everyone who has ever had a business realizes that businesses come and go in any industry at different times. Unfortunately for us, the decisions that were made to have the cessation fund pay out on the basis of earnings earned in the past instead of what was being lost in the future affected our business drastically. This decision leaves John as a kennel owner making next to nothing in comparison to the other kennel owners and what they will receive. For example, based on the percentage that IRGC put together, eleven of thirteen kennels that were at Bluffs will be paid out \$100,000 plus dollars a year with nine of those kennels being paid upwards of \$1 million split over six years. Our kennel, John's split with his partner, will be \$16,000 per year for losing the same business, the same future earning potential.

Our personal hardships include a number of things. We have lost the complete income for three members of our family –John, our daughter and me. John has \$50,000 in unpaid medical bills that occurred in 2015 due to a health issue that was unexpected. Our daughter graduated high school, and was accepted into Iowa State University last week, and we have no way to help pay for her to go to college. We have to move from our home at the end of this month, with no current plans of where we will go. With both of us being unemployed, it will be hard to find a place to live. John was left with no business, no job, no education except for the dogs, which he has done in excess of 40 years. He has had some issues with becoming mentally and physically exhausted, and the doctor is currently treating him for anxiety and depression.

Due to the position John decided to take and standing up for what he believes is right, a number of things have transpired since that point. At this point, it has thus far made it impossible for him to pursue a continued career in the business. For example, comments have been made about his intentions and his integrity in this business by an actual IGA board member in an online greyhound forum, which most members of the greyhound industry are part of and have read. Last year, in the annual IGA meeting, it was pointed out that he was in litigation with the IRGC and that the litigation could hold up everyone's escrow money, which we all know not to be true. Needless to say, this upset many of the greyhound industry participants, and so, in fear of retaliation, we submitted a copy of the meeting that I recorded while in attendance to DCI. In the past, we have received messages and phone calls from industry participants that have expressed agreement with us and our stance, but have also stated they are unwilling to speak up on this matter so as to not upset those they are doing business with in the industry. For these reasons, he knew he could not get booked at Dubuque and the fact there were no new kennels booked out of Bluffs other than those already there from years past. As far as getting a kennel booking somewhere else, he called the general manager at Derby Lanes in Florida when he first learned of the Bluffs closing. This is a track that John had a kennel at on three different occasions and had a great repertoire with. The general manager told him that when Bluffs closed down, if he didn't have room, he would make room for John and his kennel operation. We submitted the applications and all the appropriate paperwork and never heard from them. We feel that is because of the things that have happened to our reputation in this business.

Ms. Filipelli indicated that was it for the speech as they have submitted so much to the Commission to support their claim.

Chair Lamberti called for any questions. He asked if they would be eligible for the annual payments. Ms. Filipelli indicated they would receive approximately \$16,000 per year based on the percentages calculate by the Commission.

Chair Lamberti asked if they received the trainer payment. Ms. Filipelli answered in the affirmative, stating they worked their own kennel while most people did not. Mr. Filipelli indicated that money was owed to them under a different circumstance. He indicated they basically lived on that money as it has been difficult to transition from an occupation he did for over 40 years. Mr. Filipelli stated he is 58 years old, has no education and the job market does not look promising.

Hearing no further comments or questions, Chair Lamberti stated that as the Commission looked at putting together a hardship provision, it was done within the scope of the bigger picture of the annual payments, the trainer payments, etc. and within the confines of the legislation that was passed. He concurred there is a lot of hardship that has been caused by the cessation of greyhound racing, but is not sure every hardship fits within the confines of what the Commission is looking at for the money set aside, particularly with respect to individuals who are eligible for the annual payments, the trainer payments, etc. Chair Lamberti stated that while the Commission understands the difficulties of having this business go away, but as he looks at the situation in the totality of what the Commission is trying to do with the hardship provisions as well as how it plays with the other rules and legislation that have been passed, he does not think it meets the guidelines of what the Commission was attempting to do with the hardship funds. Chair Lamberti moved to deny the claim. Commissioner Heinrich seconded the motion.

Ms. Filipelli requested permission to ask a question. Chair Lamberti answered in the affirmative. Ms. Filipelli asked if their claim was being denied because they were receiving money from the annual payments. Chair Lamberti stated that was part of the reason.

Ms. Filipelli asked permission to make a statement. She noted the Commission has already paid another woman hardship funds, as well as trainer money, and she is eligible for the annual payments. Chair Lamberti stated the Commission's decisions are being made on the totality of the circumstances of each case.

Mr. Filipelli stated that response does not fit with the prior statement of guidelines and deciding each case on an individual basis. He indicated that if the Commission wants to use the fact that the legislation has guided the payment plan and not the Commission, he reminded the Commission that there was one ray of hope for industry participants when the Commission decided to cap the money at \$1 million; however, due to the receipt of a few letters, the Commission reversed their decision which will allow some individuals to receive up to \$3 million in payments per tax identification. He indicated the cap provided some hope to those individuals receiving a very small fraction of the \$72 million settlement. Ms. Filipelli indicated the cap would have been helpful to a number of people, not just them.

Chair Lamberti stated the Commission is cognizant of the fact that a number of people have been affected by the cessation of greyhound racing, but the Commission was tasked with passing rules, implementing them and dealing with the hardship to the best of their ability.

Hearing no further discussion, Chair Lamberti called for the vote. The motion carried unanimously.

Chair Lamberti called on Ronald Mullen. Mr. Mullen stated that approximately eleven years ago the owner of River Bluff Kennel asked him to return to Bluffs Run to manage his kennel. He indicated he had a contract kennel for 27 years and raced at various racetracks around the country. In 2015, River Bluffs Kennel did not renew their contract to race dogs. Mr. Mullen stated he thought he would be eligible for \$16,000 for serving as an assistant trainer for River Bluff Kennel, but was denied as the kennel was not at the track as of December 18, 2015. He

stated he had 31 dogs in River Bluff Kennel, which then went to other kennels. He advised that he helped those four kennels on a volunteer basis and never received payment. Mr. Mullen stated he was relying on those funds, and stayed in the greyhound business to help the Iowa Department of Agriculture. He indicated he still has his farm, but it is struggling. He noted that he also boarded greyhounds.

Chair Lamberti called for any questions for Mr. Mullen. Chair Lamberti asked Mr. Mullen if he would be eligible for the annual payments. Mr. Mullen answered in the affirmative. Chair Lamberti clarified that Mr. Mullen served more as a volunteer trainer in 2015. Mr. Mullen again answered in the affirmative; noting he had 31 dogs in four different kennels. He stated he thought the letter from Bob Hardison would be sufficient to receive the trainer funds and did not request one from the owner of River Bluffs Kennel.

Chair Lamberti stated all of the hardship claims are difficult. He noted Mr. Mullen is eligible for the annual payments and the Commission is cognizant of the fact those funds will not be available until 2017. Chair Lamberti stated the hardship fund is not designed to serve as a bridge between current expenses and the receipt of the annual payments. He noted there were very specific provisions set forth in order to qualify for the assistant trainer funds and the Commission does not have the authority to circumvent them. Chair Lamberti made a motion to deny the hardship claim. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Lamberti moved to Administrative Business. Mr. Ohorilko noted the regulatory fees for Fiscal Year 2017 for the Commission and Division of Criminal Investigation have been distributed to the industry. These fees would be effective on June 27th with the first payment due on July 7th. As in past years, the first payment would be for five weeks plus the current week. The last regulatory fee is scheduled for May 25, 2017. He indicated if there is any reversion at the end of the current fiscal year that would be applied and cause regulatory fee payments to cease earlier. Mr. Ohorilko stated staff has not received any concerns from the industry. He requested approval of the regulatory fees as submitted.

Hearing no comments or questions concerning the regulatory fees for Fiscal Year 2017, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the regulatory fees for Fiscal Year 2017 as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko for an update on gaming-related legislation from the 2016 legislative session. Mr. Ohorilko noted there were a handful of bills considered; there were only two that passed. One was HF 2445 relating to promotional play receipts. This legislation redefines Adjusted Gross Receipts (AGR) so that promotional play receipts received after a taxable amount of \$25,820,000 has been reached by the industry would be disallowed as revenue for AGR. Mr. Ohorilko stated Commission staff has been working toward the implementation of this legislation, and looks forward to continuing to work with everyone in the hope of having some proposed rules before the Commission in July or August.

Mr. Ohorilko advised HF 2429 was a bill related to gambling game license fees. The bill indicates that if there is a new license issued, the fee would only apply if the new license increases the number of licensed facilities in the applicable county.

Mr. Ohorilko stated those were the only racing or gaming related bills that passed this year.

Hearing no comments or questions concerning the legislation, and no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Kramer moved to adjourn the meeting. Commissioner Heinrich seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK